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ENERGY SUPPLY INVENTORIES IN GOOD SHAPE FOR COMING WINTER

CALGARY — Even if there is a cold winter ahead, high storage levels of natural gas will be more than adequate to meet heating demand, according to the National Energy Board (NEB) winter outlook for Canada's energy markets, presented today. The outlook highlighted how storage supplies, extreme weather conditions, and geopolitical events can impact energy prices over the coming winter.

The price of crude oil will likely remain high throughout the winter, in the US$75 – 80 per barrel range. There is a continued rising price risk due to tightening supply inventories. The price for heating oil should track similarly to the price of crude oil. The NEB says that heating oil inventories are adequate for this winter.

"Energy price volatility is the only certainty," said National Energy Board Chair Gaétan Caron. "We can never know for sure whether it will be a cold winter, or what events may occur in the world," he added.

Natural gas futures prices in North America are expected to hold steady between US$6.00 – 8.00/ MMBtu (million British thermal units). If the winter is exceptionally cold, the price could rise outside of that range. Stronger production in the U.S. and imported liquefied natural gas (LNG) will offset production decreases currently occurring in Canada.

Canada's provinces and territories should have sufficient electricity supply to meet winter demand loads, unless they encounter extreme weather events or unplanned outages on their electricity grids. Most of the provinces' grids reach peak electricity use in the winter months. The provinces that generate most of their electricity from hydro (Québec, British Columbia, and Manitoba) have increased water levels behind their hydroelectric dams in anticipation of high electricity use for winter heating.

Geopolitical events are always a factor in energy price outlooks. In mid-October, oil prices crested to new record highs driven by a combination of market speculation, middle east political tensions, the low U.S. dollar, and persistent refinery bottlenecks. The Organization of the Petroleum Exporting Countries (OPEC) agreed in September to raise its supply output by 500,000 barrels per day, starting in November 2007. This supply increase should help to moderate recent high oil prices.

Despite high crude oil prices, Canadian consumers are not likely to see high prices at the gas pumps until Spring 2008, as the high driving season, April 1 to Labour Day, increases demand for gas.

.../2

The NEB is an independent federal agency that regulates several parts of Canada's energy industry. The NEB's purpose is to promote safety and security, environmental protection and efficient energy infrastructure and markets in the Canadian public interest, within the mandate set by Parliament in the regulation of pipelines, energy development and trade. As part of its mandate, the NEB monitors the supply of all energy commodities in Canada and reports its findings. The NEB Internet site is regularly updated with new energy information for the Canadian public.

-30-

This news release, a fact sheet and the Winter Energy Outlook presentation are available on the Board's Internet site at www.neb-one.gc.ca under *What's New*!

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